

## TEN INDICTED IN BIG WAR LUMBER GRAFT

First of True Bills in Far Reaching Inquiry by Special U. S. Grand Jury.

### NEW YORK MEN NAMED

Ex-Federal Officials and Big Dealers Involved—To Quiz Wool Frauds Soon.

Special Dispatch to THE NEW YORK HERALD, New York Herald Bureau, Washington, D. C., July 18.

The special Grand Jury appointed to investigate colossal war frauds against the United States Government returned today the first of its indictments. Ten men are charged with conspiracy to defraud the Government through the sale of \$2,000,000 worth of surplus lumber left on the hands of the War Department after the signing of the armistice. This is one of the most important prosecutions undertaken by the Department of Justice to recover for the Treasury huge sums alleged to have been diverted as war graft and to bring the offenders to justice. Attorney-General Daugherty stated that other indictments would be forthcoming.

Those indicted are John Lomis Phillips, Thomasville, Ga., Republican State Chairman of Georgia; John Stephens, lumber dealer, Jacksonville, Fla.; Charles S. Shotwell, New York, approvals officer of material disposal and salvage of the Division of Air Service of the War Department; George M. Chambers, Newark, N. J., lumber expert and appraiser for the War Department; Frank T. Sullivan, lumber dealer of Buffalo; Ernest C. Morse, New York City, former director of sales of surplus lumber for the War Department; Roland Perry of Washington, D. C.; Charles Phillips, agent for Phillips and Stephens, and Gus Eltzen and Mitchell Touart, Jr., lumber dealers of Pensacola, Fla.

### Charges \$2,000,000 Fraud.

Commenting on the findings the Attorney-General stated that the cases are the culmination of ten months of hard work by the Department of Justice. The public discussion of the prosecution of war frauds in Congress and elsewhere, he said, had hindered the Department and in some cases delayed the prosecution of offenders. They would all, however, be brought to justice, he declared. Similar indictments in the Morse case, and other cases involving large sums of money are confidently expected by the Attorney-General on the basis of the investigation and facts submitted to the special jury, he said.

The indictment specifically charges the ten men with having entered into a conspiracy to dispose of between 100,000,000 and 150,000,000 feet of surplus lumber at prices under the market value and alleges the United States was defrauded of approximately \$2,000,000.

Phillips and Stephens, it is set forth in the indictment, obtained the contract for selling the lumber in different sec-

## Girl With Broken Neck Will Recover Health

Special Dispatch to THE NEW YORK HERALD.

AMIDEN, N. J., July 18.—Mary A. Getman, 730 North Eighth street, who was born in 1908, was pronounced out of danger to-day by physicians at the Southwest Jersey Homeopathic Hospital.

The girl has been a marvel to the surgeons, who at first thought she could not live at all, then declared her death was but a matter of time, and finally prophesied that if she did live she would be a lifelong invalid.

To-day, after the girl had been examined by specialists, Dr. William P. Shafer issued a statement for the hospital. He said the girl would recover complete use of her arms and legs and be restored to her normal health.

tions of the country. Instead of complying with direction of the War Department and selling the lumber at prices that would not ruin the market, the men are charged with having set the price so low that the Government lost hundreds of thousands of dollars.

The charge is also made that the two men sold lumber to themselves at a low figure and also disposed of thousands of feet of valuable material for considerations from other dealers.

Sullivan, as a dealer, is charged with having purchased lumber through Phillips and Stephens at a price that he knew was far below the market prices.

Chambers, lumber expert, is charged with having aided in the alleged conspiracy by grading lumber so low that first class lumber sold for rates that were asked in the market for culls, the lowest grade of timber. The War Department figures show that lumber handled by Phillips was valued at \$4,697,171 and sold for about \$2,843,095.

Perry and Chambers, acting in concert with their employers, Phillips and Stephens, the indictment charges, aided in disposing of valuable lumber at figures far below the prices prevailing in the open market. Eltzen and Touart, it is charged, aided Phillips and Stephens in selling lumber to themselves. Touart, it is charged, signed his name to a memorandum of sale for 18,000,000 feet of lumber located at the old Hickory powder plant, near Nashville, Tenn., June 30, 1919.

### SNOWS STOP MOUNTAIN TRIPS.

GENEVA, July 18 (Associated Press).—Mountain climbing is temporarily impossible in Switzerland. Inhabitants are experiencing the coldest July in many years. Heavy snowfalls occurred yesterday at an altitude of 6,000 feet, which is less than half way up Mount Blanc. Heavy rains fell in the lower altitudes, with cloud bursts in some localities. The Rhine, which reached a low record last year, is now high and threatening floods.

## SENATE CANDIDATE ACCUSED OF FRAUD

Sherman L. Whipple Involved in Alleged \$14,000,000 Boston Conspiracy.

### RUNNING AGAINST LODGE

Ex-Attorney-General of State, Ex-Congressman Among Thirty Defendants.

BOSTON, July 18.—More than thirty men, including leaders in Massachusetts legal and financial activities, appeared as defendants before Justice Crosby in the Supreme Judicial Court to-day at the hearing on temporary injunctions petitioned for by the Boston Legal Aid Society as counsel for Theresa L. Spear and other investors against the H. V. Greene Company, the Mutual Finance Corporation, the Commercial Finance Corporation, the First People's Trust and individuals connected with these organizations.

The petition alleges a conspiracy to defraud more than \$6,000,000 in investments of \$14,000,000 through sales of stock, asks the appointment of receivers and seeks to hold the individuals as well as the companies liable to the extent of \$15,000,000.

### Whipple Accused.

The first clash in the hearing resulted in a victory for the plaintiffs when Judge Crosby allowed the admission of an amendment to the original bill in which a specific charge was made that Sherman L. Whipple, Boston attorney, and candidate for the Democratic nomination for United States Senator, one of the defendants, "became acquainted with the fraudulent methods used in selling the stock and shares of the various organizations, promoted and assisted in bringing about the successful use of said methods."

The amendment also charged that Powers assisted in the sale of the stock by participating in the publication of an advertisement in which it was stated that the legality of the trust was approved by Powers and Hall, attorneys. For this, it was charged, Powers received from H. V. Greene and defendant trustees a large number of shares in the trust.

Judge Crosby allowed the amendment over the opposition of Mr. Whipple, who declared that the charges made against him in the amendment were "false and without foundation." He said that sufficient injury had been done him already by the filing of the bill and its publication in the newspapers.

Among the other individual defendants named were Samuel L. Powers, Gen. John H. Sherburne, Herbert Parker, George E. Rich, Patrick F. Sullivan and Guy W. Currier.

### Say Lawyers Indorsed Plan.

The admitted amendments to the bill charged that shortly prior to October 29, 1919, Samuel L. Powers, as a part of alleged conspiracy, assisted certain of the defendants in the creation of the First People's Trust Company "knowing of the fraudulent methods that defendants intended to use in marketing the shares of the trust."

## Big Jersey Mosquito Causes Motor Upset

A LARGE Jersey mosquito alighted on the nose of Louis Leontt, who was driving his automobile around Dead Man's Curve at Kearny, N. J., yesterday, and in his effort to swat it Leontt lost control of the car. It went over a five foot ditch and overturned. Neither Leontt, his wife nor their three children, who were in the car at the time, was injured.

## STORM FLOOD STOPS SUBWAY 3 HOURS

Continued from First Page.

flooded and water rolled up Ninth street for some distance at a depth of three feet. The Smith street surface line was forced to cease running and cellars in the vicinity of the Gowanus were overflowed. In Bushwick, Greenpoint and South Brooklyn traffic was at a standstill until the waters had subsided. Several floods occurred in the cuts of the Sea Beach and Brighton lines, but the service was not seriously delayed.

Flatbush was inundated in many places by the rush of water which followed the first downpour at 7 o'clock. Cars of the Flatbush avenue surface line were switched into Nostrand avenue because of the huge pools of water which made the tracks impassable. In East Seventeenth street, between Newkirk and Foster avenues, eight automobiles were stalled at one time, as the water rose to the running boards of the machines. Many complaints were made regarding the sewer system. Hundreds of cellars were flooded.

Samuel Silverman, 31 of 41 Stockton street, collapsed from the heat in front of 120 Livingston street and was taken to Kings County Hospital.

The heat in Manhattan affected a woman who said she was Mrs. Jennie Andruszyk, 32, who was found wandering about at Greenwich and Cortlandt streets yesterday with her three-year-old daughter. She was sent to Bellevue and the child to the Children's Society.

The full force of the downpour and electrical storm hit Atlantic Highlands, N. J., and numerous washouts of the roads, railroad tracks and trolley lines followed. Bay avenue, the main street, was flooded with several feet of water and many rowboats were in evidence taking persons to their homes. The main motor road of the Highlands, Ocean Boulevard, was washed out in several places, and no automobiles were able to pass, several being stranded for the night on the road.

Train service on the Jersey Central was discontinued because of washouts, at 6 o'clock, and no trains were run all night. Houses were flooded and terraces washed away by the worst rainfall the Highlands have had this year.

### SIMONS HEADS GERMAN COURT.

BERLIN, July 18.—President Ebert in a proclamation to-day appointed Dr. Walter Simons, former Foreign Minister, president of the Supreme Court in succession to the late Herr Delbrueck.

## REICHSTAG PASSES DEFENSE MEASURE

Third Reading Adopted by 303 to 102 and Compulsory Loan Agreed To.

BERLIN, July 18 (Associated Press).—The Reichstag to-day passed the third reading of the defense of the republic bill by a vote of 303 to 102.

After a prolonged discussion the bill providing for a compulsory loan of 70,000,000,000 marks was read for the third time in the Reichstag to-day. The limit of a subscription was fixed at 3,000,000 marks. The compulsory loan operates simultaneously with the new laws on legacies and income tax. The income tax and legacy tax bills were also read for the third time.

President Ebert and Chancellor Wirth have succeeded in persuading Reichstag leaders to postpone negotiations for reconstituting the present Coalition Government until the German legislative body resumes its sessions early this autumn.

This agreement was brought about through the Government's explaining that new elections, in view of the country's present political and economic condition, would be particularly inopportune.

As a result of intervention on the part of the President and the Chancellor, both Socialist parties in the Reichstag have voted to refer the question of entering into active parliamentary union with the Coalition Government to their respective party conventions, while the Clerical, Democratic and People's parties are also satisfied to defer action looking toward the creation of a "bourgeois bloc" to a later date.

The Independent Socialists also support the Government's measures for the defense of the republic. All party leaders expressed the opinion to-day that reconstruction of the Cabinet on the eve of the long summer recess was not feasible, and apparently they were all glad to act on the advice given by President Ebert and Chancellor Wirth.

Socialist leaders, however, predict that the crisis will continue in a latent state and will become actively acute when the Reichstag reconvenes in the fall, as the Radicals support the Chancellor in his contention that the Government is urgently in need of a broader parliamentary foundation. The present solution also is taken as precluding a definite merger of both Socialist parties during the course of the summer.

### KILAUEA IN ERUPTION AGAIN.

HONOLULU, July 18 (Associated Press).—Kilauea volcano, whose lake of molten lava some weeks ago dropped hundreds of feet and led to speculation as to whether the crater would be active again, broke forth again yesterday with old time vigor. Lava spurted 100 feet from the bottom, making a pool 300 feet in diameter with molten fountains spraying forty feet in the air.

## HARDING TO KEEP BONUS ON SHELF

Too Busy With Other Problems Now to See Congress Groups on Raid.

Special Dispatch to THE NEW YORK HERALD, New York Herald Bureau, Washington, D. C., July 18.

Republican leaders admitted to-day President Harding has no intention of conferring with them over the proposed \$5,000,000,000 bonus raid until the coal and railroad problems are out of the way, as he is less concerned with the "adjusted compensation measure" than the other vital problems confronting the Administration.

Unbiased and candid Senators are convinced there is no justification in the confidence entertained by some bonus Senators that they can influence the President to change his attitude on the issue.

While not disposed to dictate to Congress its course of action, the President has indicated his willingness to confer with the Republican leaders after the coal and railroad problems and the tariff and ship subsidy bills are out of the way. Then, if the bonus Senators, to gratify their individual ambitions, wish to take up with him the bonus question, he will show a readiness to meet them.

The agreement sought by Democratic Senators with Republican leaders that the Senate and kept there after the tariff is disposed of is still under discussion. Some Democratic Senators are trying to force the hands of the Republicans on the bonus issue by offering as an inducement an early vote on the tariff bill.

Senators for and against the bonus raid now admit, however, there is no chance to bring up the bonus bill until the tariff measure is disposed of. Ardent bonus Senators, who attach much political importance to the bonus raid, are now getting reconciled to the situation and make no secret of their belief that there is little chance to change the executive program. Bonus Senators are much distressed over the announcement by the Treasury Department that the first steps in funding the British war debt will not be taken until September, since it was expected part of that money would be available in July or August.

In the circumstances the bonus advocates now see the probability of a long discussion with Great Britain, so that it will likely be many months before any money is actually in the Treasury from that source.

The status of the foreign war debt has further dampened the ardor of the bonus advocates, especially some Democratic Senators who have indicated a lack of enthusiasm for the measure, now that their pet scheme of financing it has been discarded.

This pessimism over the foreign war debt is also shared by the officers of the American Legion, who realize several Senators were committed to the bill on the sole theory that it could be financed by that source and that plenty of money from the debt would soon be available.

The activities of the politicians in the American Legion have recently been

directed to an attempt to win popular support to a bill being conducted on the bonus issue throughout the country. Agents of the Legion have been active in an effort to corral the voting privileges, according to reports reaching the Capitol, in the belief that if the vote indicates a majority in favor of the raid it would influence the President's stand and perhaps win his support.

The fact is, however, such polls have

become so numerous and are so conflicting in results that the present venture is not likely to influence sentiment in favor of the bonus raid. The feeling here is that the poll is more liable to inspire resentment on the part of Senators holding neutral positions on the bonus issue, as they regard it as the method of a professional propagandist intended to win their support of a measure with little or no merit.

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